

# EXCHANGING CURRENCY



I have mentioned before that I like to visualise currency exchange like a shop with all the currencies sitting on a shelf with a price tag. Just imagine you go into the shop with €1.00. What will that €1.00 buy you?

<p>\$1.08</p> 	<p>£0.87</p> 	<p>¥114.60</p> 
<p>COST €1.00</p>	<p>COST €1.00</p>	<p>COST €1.00</p>

So you can see - each bag of money costs a euro, or can be EXCHANGED for a euro but you will get different amounts of foreign currency for your euro depending on the exchange rate.

For €1.00 you get \$1.08 in US dollars, you get £0.87 in British pounds and you get ¥114.60 in Japanese yen.

Now if I told you that €1.00 would buy you 1kg of flour and asked you how much flour €5.00 would buy you what would you do?

That's right - you would multiply the 1kg by 5 - you would be able to buy 5kg of flour for €5.00. So if I told you that €1.00 would buy \$1.08 in US dollars and asked how much €5.00 would get you in US dollars you use the same idea - just multiply the \$1.08 by 5 so....€5.00 = \$5.40.

So the exchange rate table is just like the shop shelf. It tells you how much of each currency you can get for your euro. The rate can then be used to calculate how much of the foreign currency you would get for €10 or €100 or €1,000 by simply multiplying

Euro Exchange Rate	
	1 EUR
 Bulgaria	1.96
 Belarus	4348
 Switzerland	1.22
 Czech Republic	24.2
 Denmark	7.46
 Estonia	15.6
 United Kingdom	0.89
 Croatia	7.4
 Hungary	265
 Iceland	166
 Lithuania	3.45
 Latvia	0.709
 Moldova	16.7
 Norway	7.88
 Poland	3.95
 Romania	4.17
 Russia	40.5
 Sweden	9.03
 Turkey	2.31
 Ukraine	11.7
9 Jun 11	

Look at these examples:

1. How many Swiss Francs can I get for €20?  
€1.00 buys me 1.22 Swiss Francs, so €20 buys me  $1.22 \times 20$  which equals 24.40 Swiss Francs
2. How many Danish Krone can I get for €100?  
€1.00 buys me 7.46 Danish Krone, so €100 buys me  $7.46 \times 100$  which equals 746 Danish Krone

Now let's look at doing it the opposite way around. Imagine I had been on holidays in Sweden and had exchanged all my money into Swedish Kronor. Now I am coming home to Ireland and I want to exchange it BACK into Euro.

I have 451.50 Swedish Kronor left. How much is this in euro? Well if I multiply to go from Euro to Swedish Kronor then I do the OPPOSITE to go from Swedish Kronor to Euro and the opposite of multiply is divide - so  $451.50 \div 9.03$  is 50 - I will get €50.00 for my Swedish Kronor

